



Missouri Department of Natural Resources

MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION DNR CONFERENCE CENTER JEFFERSON CITY, MISSOURI August 10, 2006

COMMISSION MEMBERS PRESENT: John Aylward, Elizabeth Brown, Kathryn Braden, Richard Fordyce, Leon Kreisler, and Baughn Merideth

EX-OFFICIO MEMBERS: DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; **FRED FERRELL, DEPT. OF AGRICULTURE:** Dan Engemann, **JOHN HOSKINS, DEPT. OF CONSERVATION:** Brad McCord

ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM: Sarah Fast; **NRCS:** Roger Hansen; **MASWCD:** Steve Oetting

STAFF MEMBERS PRESENT: Davin Althoff, Milt Barr, Kurt Boeckmann, Jim Boschert, April Brandt, Allan Clarke, Noland Farmer, Tricia Jackson, Joyce Luebbering, Dean Martin, Colleen Merideth, Theresa Mueller, James Plassmeyer, Josh Poynor, Jeremy Redden, Ron Redden, Judy Stinson, Cody Tebbenkamp, Alex Tuttle, Chris Wieberg, Bill Wilson

OTHERS PRESENT: DISTRICTS: BARTON: Ben Reed; CALDWELL: Wendy Bowen, Regena Curnow, Bill Hunt; CAPE GIRARDEAU: Gerald Bryan, Stan Murray, DAVIESS: Tom Lambert; HOLT: Bruce Biermann; HOWARD: Beverly Dometrorch; JACKSON: Don Hicks; MADISON: Harry Robbins; MARION: Kenny Lovelace; VERNON: Fred Feldmann; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Tim Duggan; **DEPARTMENT OF NATURAL RESOURCES:** Lori Gordon; **OTHERS:** MASWCD: Peggy Lemons

**JOINT MEETING
MISSOURI ASSOCIATION OF SOIL AND WATER CONSERVATION
DISTRICTS
AND
MISSOURI SOIL AND WATER DISTRICTS COMMISSION**

A. WELCOME AND INTRODUCTIONS

Elizabeth Brown and Steve Oetting opened the meeting at 8:07 AM by welcoming everyone. Introductions of the Missouri Association of Soil and Water Conservation Districts (MASWCD) Area Directors and the members of the Missouri Soil and Water Districts Commission followed the welcome. Ms. Brown stated they were happy that the tax had passed by approximately 71 percent. Mr. Oetting thanked the commission and the Department of Natural Resources for allowing MASWCD the opportunity to discuss the budget process and allocations.

B. OVERVIEW OF STATE BUDGET PROCESS AND TIMELINES

Milt Barr presented a review of the fiscal year (FY) and budget process, and the FY07 and FY08 core budget.

He stated the soil sales tax is the total source of funding for commission programs. The tax fund is authorized by the constitution and the fund and revenues are dedicated for soil conservation work. In order to spend any of the funds there has to be budget authority, which is legislated annually in the annual budget. He reviewed the Missouri State budget process and performance based budgeting. This process began in the 1970s. The executive branch added strategic planning and priority results in 1993 and 1995. The program used the outcome and performance measures to indicate relationships with budget and state and department goals. Some of the Soil and Water Conservation Program's (SWCP) measures are cumulative tons of soil saved based on "T", the number of landowners, and districts served, are provided with the budget requests.

In 2001, the Governor issued Executive Order 01-19 to establish a Performance Improvement Concept. In 2003, Senate Bill 299 passed that required the General Assembly to use performance measures in budget deliberations. Under this bill, newly funded programs were to be reviewed every six years to see if they met their performance objectives in order to continue. The budget process starts with the previous year's core budget as a baseline. Concerning the SWCP, any increases are considered new decision items and must be justified and prioritized by the department to stay within the Governor's executive budget for expansions. He stated that according to instructions

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 3

received, agencies should hold or reduce cost where possible for FY08. Departments must justify and prioritize any increases to the Governor and must stay within the Governor's executive budget instructions. Mr. Barr stated that the revenues from the soil sales tax are considered other dedicated revenue, not general revenue or federal revenue. The executive budget is presented to the General Assembly for it to become a bill. Normally, the budget bills start in the House. Both the House and the Senate then review the bill and then if agreed upon, it is sent back to the Governor for approval and signed into law.

Next Mr. Barr informed the commission and the association that the state fiscal year begins on July 1 and ends on June 30. The state FY06 ended on June 30, 2006 and FY07 began on July 1, 2006.

Mr. Barr presented a brief review of the FY08 budget process. Instructions from Office of Administration (OA) are received in July, the core and new decision items and the budget is due in OA on October 1. Then the Governor presents the budget to the General Assembly in January. The deliberations in the House and Senate take place between January and April; the Governor receives the budget in May, and it must be signed by July 1.

Mr. Barr reviewed some of the FY08 budget instructions and economic information they reference for FY06, FY07, and FY08. The summaries indicated that FY06 was a good year for general revenues and FY07 should meet projections but not as strong and FY08 may be less strong. The instructions also indicated that agencies would not schedule any pay increases in 2008 projections at this time.

Mr. Barr then presented the SWCP's core budget for FY07 that was approved by the Governor as \$38,978,606. This amount is the starting point or core for the FY08 budget. This core budget consists of the continuation of the commission-approved programs for the present tax revenue. Steve Oetting asked where the carry over went for FY06. Mr. Barr answered the chart that Mr. Oetting was referring to was the programs initial budget year approved amount to plan throughout the year with. He stated that portion included transfers. Mr. Oetting asked that when the sales tax generates more than what is budgeted was that amount carried over. Mr. Barr answered yes the actual revenues that would be in excess would stay in the fund. The revenue collected by the sales tax goes into the fund and stays there until the budget authority and the expenditure would use it. He stated that the budget authority for the \$41,000,000 was the authority the program had to spend last year. Ben Reed stated that there was \$3,000,000 not spent last year. Sarah Fast stated the \$38,900,000 amount was the core budget amount that did not have the transfer costs in it. She stated that the transfer costs are costs outside the program authority. Mr. Oetting asked if the sales tax generated the end of the year amount of

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 4

\$41,000,000 for FY06. Mr. Barr answered that these were all very good questions about last year's budget and that he would present those amounts during the regular commission meeting later on this morning. He indicated that for the joint session and the budget "101" review he was going to continue to track the FY07 core and the next budget of FY08 that we are currently working on as an example.

Mr. Barr continued and as previously discussed the FY08 core budget starts out as the previous approved core budget from FY07. Mr. Barr stated that changes could be made, but they have to be processed as new decision items. Since the commission programs use 100 percent soils sales tax funding, increases obviously must come from excess revenues and/or redirected budget funds. He shared with the commission that the increased rates over the last ten years for the sales tax deposits have been lower than expected from when the initial programs were planned so there has not been any significant amount of excess revenues during the current 10-year period so far. Mr. Barr then went on with the issues the commission had for the upcoming FY08 budget. The commission at their November 2005 meeting reviewed issues, and there was indication that they wanted to consider issues affecting the districts staff salaries and organization. In February, the commission approved funding a research project to study these issues for use in the FY08 budget process. In May, the commission and program director agreed to review the possibilities for a "placeholder" budget line increase for District Grants for FY08. In June, the program submitted a new decision item increase for District Grants for consideration by the department. In July 2006, the department executive budget committee approved the new decision item for a four percent increase to the personnel services portion of the District Grant for the FY08 department budget. The FY08 projected core budget for SWCP would now be \$39,198,606 including the \$220,000 increase for the District Grant. The department would present this new decision item in their budget to the Governor using the process already described.

Mr. Barr then reviewed some of the current FY07 budget information. The signed FY07 core budget total is \$38,978,606. He then reviewed the 14 or so house bills in the Governor's and state's total budget. Five of the house bills and their related agencies provide support or services to the SWCP through transfers and/or other appropriations that are actually included in approved separate budget lines in each agency's budget. These are the approved transfers, other appropriations budgeted for FY07, and that amount comes to \$1,923,786. The FY07 total budget authority including the transfers is \$40,902,392. When asked if transfers and others were administrative costs for the department, Ms. Fast answered that they are overall cost of doing state business but are separated in the budget process from those of the program budget lines. Ms. Fast stated that they have looked at combining those with the program level administrative costs, but in the program core budget, the program only has control of the Expense and Equipment (E and E) and personal services funds. The other costs are driven by other agency

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 5

support. When asked what the 3.3 percent admin cost was, Ms. Fast answered that was what she has to spend on salaries, E and E for program and district coordinator support, but it does not include any funds for fringe benefits because in the state budget process they are included in the OA transfer budget lines along with information technology support and building costs. When asked why the transfer cost for FY06 was \$3,125,000 compared to FY07 being less, Mr. Barr answered that the \$3,100,000 was what had been planned as costs in FY06 and there were projected one-time costs for additional IT project costs and the district accounting system. The actual costs for FY06 came in much less than planned for the IT projects and the district accounting system was determined to be planned for FY08 or later. He indicated again that this would be covered in the previous year summary in the commission presentation.

Mr. Barr then introduced Ms Lori Gordon who is the Budget Director for the Department of Natural Resources who offered to also review some of the budget processes for the joint meeting also and answer any questions.

Lori Gordon stated that the department budget is due October 1. The department's operating budget is approximately \$330,000,000, general revenue is approximately 2.7 percent, federal funds are approximately 14 percent, and dedicated funds are 80 percent of the department's budget. Next Ms. Gordon went into detail on the department's budget process and the legislative process including hearings, mark ups, appropriation committees, full budget committee, house, senate, public testimony, department testimony, and finally to the Governor to sign or veto. When asked if the soil and water budget was questioned during the appropriation subcommittee hearings, Ms. Gordon answered not that she knew of. When asked how state park's budget compared to soil and water's at the end of a year, Ms. Gordon answered parks personal services and operations are much larger because of the number of employees and parks has capital improvement appropriations, but overall they are close (fully obligated). When asked to define what Capital Improvements was, she stated it was a separate budget for new construction or improvements. Ms. Gordon stated the sale tax was approximately 85 percent of parks budget.

Steve Oetting asked if any of the areas of the core budget had a minimum or maximum such as cost-share at \$20,250,000. Mr. Barr answered that the Cost-Share Program was a very good example since the commission established up to an annual investment of \$20,000,000 and in FY04, they increased it to the \$20,250,000 with redirects from loan interest share. These were commission intended targets and previously there was reappropriation authority of about \$4,000,000 that helped cost-share at the end of the year for projects that might have gone over into the next year. Mr. Barr indicated that the state did away with the type of re-appropriation authority in FY04 but replaced it with an annual estimated authority to continue to allow for varied amounts for Cost Share in any

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 6

one given year. The Cost-Share Program continues to use a \$24,000,000 allocation to district annual target so the cost-share could be up to \$24,000,000 in any one given year if all allocations were obligated and of course, the funds were available. Ms. Fast stated the commission could look at any new long-range additional funds or re directs and could go on record next year indicating that over the next ten years they would like to raise the average target for cost-share. Mr. Oetting stated that program staff works on the core budget based on past performances, it is presented and the commission approves it and then it goes to the legislature. Ms. Fast clarified that the budget goes through the department because it has the budget authority, not the commission. When asked if the budget would be due October 1, Mr. Barr answered that the budget was due to the Office of Administration in accordance with the state statutes by October 1 from the Department. When asked about the research project completion and adjustment of the four percent for district assistance being able to be done by October 1. Ms. Gordon answered that they decided to put a placeholder in for the four percent based on salaries and then reevaluate it when Dr. Rikoon's study was completed hopefully before Oct 1 but could possibly be done while the budget is at the Governor's level.

MISSOURI SOIL AND WATER DISTRICTS COMMISSION MEETING

A. CALL TO ORDER

Chairman Elizabeth Brown called the meeting to order at the DNR Conference Center, in Jefferson City, Missouri, in the Bennett Springs and Roaring River Meeting Rooms at 10:07 AM.

B. MINUTES OF THE LAST MEETING

Kathryn Braden made a motion to approve the minutes of the June 15, 2006 commission meeting as mailed. Baughn Merideth seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Kathryn Braden made a motion to approve the closed minutes of the May 23, 2006 commission meeting. Leon Kreisler seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 7

Kathryn Braden made a motion to approve the minutes of the May 23, 2006 commission meeting as mailed. Baughn Merideth seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

C. PLANNING

1. Budget Discussion and Updates

Milt Barr presented a review of the state fiscal year and revenue information, Soil and Water Conservation Program (SWCP) expenditures and revenue summaries for FY06 and FY07. Next, he briefed the commission on the projections for the FY08 program budget that was submitted to the department for review.

All of the commission's programs are funded with the soils sale tax, not general revenue. Mr. Barr stated that 1/10 of 1 percent of the General Sales and Use Tax is split evenly between State Parks and the Soil and Water Conservation Program. The Department of Revenue collects the revenues and deposits them on a daily basis into the program fund. The deposits usually reflect the previous 30 or more days' activities depending on what point in the quarter for business collection and reporting.

The sales tax revenue for FY06 copies business activity, payments, and cycles of consumer spending. Compared to FY05, FY06 had normal to steady revenue flow. Out of the first six months of FY06, four of the six months had higher revenues. The rate of increase was 3.8 percent for the first six months and 2.8 percent for the whole 12-month period. The revenues for FY05 were \$38,556,915 and for FY06 the amount is \$39,632,548. The total difference between the two is \$1,075,833 with the 2.8 percent rate of change.

The FY06 the Governor's signed state budget for the SWCP was \$41,812,998. This amount included the projections for transfers and other agency support appropriation from the SST fund. The FY06 expenditures totaled \$41,080,835. Some of the expenditure amounts were \$21,749,920 for cost-share, which was higher than projected, \$5,690,989 for SALT, which was lower than projected, \$7,768,278 for district grants, which was lower than projected, \$124,278 for loan interest-share, which was lower than projected and \$230,569 for research, which was higher than projected. Cost-share and research were the estimated appropriations that were higher in FY06 due to the additional work able to be accomplished.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 8

The FY07 signed core budget total is \$38,978,606. The FY07 the Governor signed budget total is \$40,902,392. This amount has the transfers and other expenditure projections of \$1,900,000.

The planning rate of increase for FY07 is 3.5 percent for the parks and soils tax. FY06 SST revenues totaled \$39,632,548 and the projected FY07 SST total is \$41,412,078 including \$392,391 for estimated investment earnings.

Next Mr. Barr presented SST fund projections from FY06 to FY09. The projected ending balance for FY07 is \$21,679,572, FY08 is \$23,199,540, and FY09 is \$17,198,354. These amounts are the fund balances projected through FY09 using the current budget planning of revenues and expenditures which included the possible 2008 sunset of the sales tax.

Mr. Barr stated that the sales tax revenue is projected to be steady through FY09, which is the sunset budget-planning year. The expenditures for FY07 and FY08 are expected to be as balanced as FY06 with the remaining fund balance of \$17,000,000 at the end of FY09 projected for approximately \$12,500,000 for SALT projects, \$500,000 for loan interest share, and approximately \$4,000,000 for limited district and administrative support through 2013 in case the tax would not have been renewed.

Next, Mr. Barr reported that the fiscal outlook for FY07 and FY08 is projected to be moderate to slow in economic activities. Some reasons are energy prices and world crises that affect the global economic activity. The projected FY08 core budget total is \$38,978,606. The projected core budget total with the 4 percent increase for the District Grant is \$39,198,606 as discussed earlier in the joint session.

Ms. Braden asked about the fund balance average and if there is interest earned. Mr. Barr indicated that yes the Soils Sales Tax fund by law is able to retain any interest earned in the fund also. The State Treasurer's Office invests all fund balances depending on projected cash flow needs throughout the year for long and short-term investments. Mr. Barr indicated that as everyone was aware interest rates had been very low the last several years but are coming up. There is no guarantee of interest earned but conservative estimates are projected for planning purposes. Interest is accrued and any revenue from the sale tax is dedicated and stays in the fund. When asked how much of the fund was being held in capital, Mr. Barr answered approximately \$22,000,000 at the end of FY06. When asked if any remaining was held in the fund until it was needed for expenditures, Mr. Barr answered yes that the fund balance is analyzed and projected to a zero

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 9

balance periodically for the current and projected multi year program needs, which for the current tax revenue period is FY13.

2. Information/Education Grant

Jim Plassmeyer presented a review of the information/education grant.

Mr. Plassmeyer reminded the commission that at the May 23, 2006 commission meeting, they approved 21 new proposals and 11 multiple year proposals for a total of \$179,077. Out of the \$250,000 available, \$70,923 remained. Mr. Plassmeyer pointed out that in the past the commission has offered a second call, but at the May meeting they decided to wait on a second call until the results of the tax vote was known.

It was at the June meeting that the commission decided to use the unused portion of the information/education grant to help the districts to pay for the security checks that are required by USDA. The estimated cost for the security checks was approximately \$40,000.

After taking approximately \$40,000 out of the \$70,923 that was left in the grant, there is \$30,922 remaining. Mr. Plassmeyer stated that since the tax passed, staff was now asking the commission if they wanted to offer a second call for FY07. The commission was reminded that in the past, when a second call was offered, the commission limited the proposals to the current fiscal year and salary was not allowed. Mr. Plassmeyer pointed out that last year, after the second call, there was some funds remaining, and the commission decided to add that amount to the matching grant.

John Aylward made a motion to send out a request for a second call in the information/education grant with the restrictions. Baugh Merideth seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baugh Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

3. District Employee Benefit Grant

Jim Boschert presented an update on the District Employee Benefit Grant. He reported there were new rates for Missouri Consolidated (MC) and some changes that he wanted to present to the commission.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 10

This grant started in FY01 to provide health insurance and retirement benefits for district employees that work over 1,000 hours per fiscal year. Prior to 2001, staff was in contact with different insurance companies to get rates for each county in the state. Because of this, the commission decided to use the premium rates that were provided by MC as the maximum that a district could claim, but districts were not required to use MC. Mr. Boschert informed the commission that about 30 to 40 percent of the districts uses MC for insurance, the remaining use other providers or the employee's spouses insurance. He also stated the new rates from MC were received the week before the commission meeting, and the districts would have until September 15 to decide what plan to participate in. He stated that districts that want to use MC would have increased rates for 2007. The increase was based on the amount of claims that the district had the previous year. The commission was presented with the different tier levels and the rates. For next year, the districts that use MC, the increases will range from 5.8 percent to 30 percent. The average for the districts using MC was 7.5 percent. The 30 percent was the maximum increase per year for new contracts.

If a district chooses a different plan, their rates could either increase or decrease. There are 14 plans that district employees can chose from. Next Mr. Boschert provided some options that are available to one of the districts, including the rates and coverage. He provided this information for the commission to see the comparison, because in the past the commission has tied the amount offered to the district for the benefit grant to the least cost MC premium. If this were done, there would be an additional cost to the district employees. Mr. Boschert informed the commission that districts had the option to look for coverage outside of MC. He reminded the commission that two years ago several districts did not use MC as their provider because they were required to sign a two-year contract. Last year it was decided that districts that had MC would be allowed to use the least cost MC rate. These rates increased by as much as 48 percent.

Next, Mr. Boschert presented some history of the benefit grant to the commission. It was estimated that \$968,013 would be claimed for health insurance and \$333,924 for retirement for a total of \$1,301,937. This amount was an increase of \$71,576 over last year and would leave \$191,095 unspent in the grant. He stated that the program did not have all the benefit agreements from the districts, because of this there was no projected cost for the current fiscal year. The expansion amount for the current years was based on an increase of 20 percent for health insurance and 10 percent for retirement.

When asked if any other insurance company had submitted figures, Mr. Boschert answered no.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 11

Peggy Lemons pointed out that even though 14 plans were being offered, districts are only allowed to pick one. This means that all the employees in the district would have to have the same plan. Because of this, the districts needed to know what the amount of coverage would be provided through the benefit grant. She informed the commission that she had looked at the plans for Cole County and compared them with coverage, deductibles, etc and provided examples.

When asked what percent used MC compared to coverage by a spouse or other provider, Mr. Boschert answered they estimated 30 to 40 percent of the districts use MC. When asked if the other districts received reimbursement utilizing other health care providers, Mr. Boschert answered the other districts are reimbursed that utilized other health care providers. When asked if the plans Ms. Lemon compared were from MC, she answered yes. Ben Reed stated that due to the cost of insurance rates, he discouraged a 7.5 percent statewide average. When asked what increase the district that did not have MC would be, Mr. Boschert answered that the districts did not have that information yet. Mr. Boschert stated the reason this issue was brought to the commission now was the MC deadline of September 15. When asked what the dollar amount would be if a tier system was used, Mr. Boschert answered that the benefit agreements were not all available from approximately 15 districts. Ms. Lemons stated if a decision could be made for the districts that had MC and hold the decision on the districts that did not have MC until later. When asked if the districts would be confused if the commission made decision for MC not the others, Ms. Lemons answered that in the letter sent to the districts it would need to be clarified. When asked if there was a total if all the districts were given the same amount as the tier increases, Mr. Boschert answered no since they did not have all the benefit agreements.

Baughn Merideth made a motion to allow all district a 12.5 percent increase to the amount that was offered last year. John Aylward seconded the motion.

When asked what the motion would do to the tier system, Sarah Fast answered there would be five districts that would be outside the 12.5 percent. When asked if there would be enough funds for an across the board increases of 12.5 percent. Mr. Boschert answered, expansion amount was based on a 20 percent, so there would be funds available.

A poll vote was taken. John Aylward, Kathryn Braden, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and Richard Fordyce voted against the motion. The motion passed.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 12

D. REVIEW/EVALUATION

1. Land Assistance Section

a. Cost-Share

1. Monthly Cost-share Usage and Fund Status Report

Noland Farmer reported that in fiscal year (FY) 2006 \$20,800,000 in claims was processed. He informed the commission that they would receive a detailed report of the practices installed in FY06 at their November meeting.

Mr. Farmer reported that for FY07 the districts, to date, had received \$19,900,000 for use on regular cost-share. This is the same initial allocation as received in FY06.

He stated that in the past four years, the total allocation to the districts averaged \$23,900,000 and the districts averaged claiming \$20,300,000.00. The projection for FY07 indicated claiming \$20,000,000

As of August 1, 2006, \$41,000 in claims had been processed, which was less than projected. Last year at this time \$31,000 had been received in claims.

2. Allocation of Additional FY07 Cost-Share Funds

Noland Farmer presented a review of the cost-share funds for fiscal year (FY) 2007. It was reported that the FY07 Cost-Share Program appropriation was \$20,250,000. The rule is that half of the appropriations must be split equally among the 114 districts and the other half is divided among the districts based upon need as determined by the commission. Because of this, \$19,914,874 had been allocated, leaving \$335,126 unallocated.

Over the last five years, the districts have averaged claiming 84 percent of what was allocated. To claim the full amount, the commission will have to over allocate and make at least \$24,000,000 available to the districts. In order for the districts to claim all of the appropriation, the remaining \$335,126 would need to be allocated along with allocating an additional \$3,750,000. To maximize cost-share fund utilization, it will be important to allocate the additional funds to districts with soil erosion needs and

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 13

to the districts who have demonstrated the management skills needed to obligate and claim their funds.

In FY06, 82 of the 144 districts obligated at least 80 percent of their allocated cost-share funds and 77 districts claimed at least 80 percent of their allocated cost-share funds. For the past several years, the commission has allocated the additional funds to the districts that claimed at least 80 percent of their cost-share allocation from the previous fiscal year.

In FY05, there was an additional \$4,335,126 available cost-share funds. Also in that year, 65 districts claimed at least 80 percent and they were offered an additional \$68,500. In FY06, there was an additional \$4,086,000 available to the 60 districts that claimed 80 percent of their cost-share funds, and they were offered an additional \$68,100. In order to better utilize the FY05 and FY06 funds, the commission decided that any of the additional funds not originally accepted would be reoffered to the same districts that requested even more funds.

In FY06 there was approximately \$500,000 not accepted by the 60 districts. This amount was set aside by the commission for districts that need additional funds to cover reseeding costs due to drought conditions. Since there were no requests for that money, it was reoffered to the same 60 districts that had originally requested additional funds.

Mr. Farmer stated that staff did not feel that it was necessary to set aside drought assistance now, because the program office had not received any requests and the districts must first utilize their regular cost-share funds before drought assistance would be available to them. He pointed out that if the drought conditions continued, the commission could offer assistance through the budget process.

If the commission decided to allocate additional cost-share funds for FY07, the 77 districts that claimed 80 percent of their FY06 allocation would be offered \$53,100.

When asked if this was what had been done in the past, Mr. Farmer answered yes for the last three or four years. When asked if this

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 14

had been successful, Mr. Farmer answered that last year it worked the best because it got the additional funds out to the districts so they could get the funds obligated and claimed prior to the end of the fiscal year.

Richard Fordyce made a motion to offer \$53,110 to each of the 77 districts that claimed at least 80 percent of last year's allocation. From the amount not accepted, re-offer those funds to any of the same 77 districts that had originally requested even more than the \$53,100. Kathryn Braden seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

E. REQUESTS

1. Land Assistance Section Cost-Share

a. Cost-Share

1. Caldwell Soil and Water Conservation District (SWCD) - Board Request for \$25,000 Cost-Share on a DWC-1 Structure

Noland Farmer presented a request from the Caldwell Board of Supervisors' for approval to provide \$25,000 to construct a Water Impoundment Reservoir. He pointed out that the board approved the landowner's request for the additional funds from their FY07 allocation.

Commission policy states, that the maximum cost-share assistance that can be paid for a Water Impoundment Reservoir is \$8,250.

In a letter from the board, they explained that the landowner applied for cost-share in FY04 and the design began. The Natural Resources Conservation Service (NRCS) Area Engineer approved the practice in July 2006. Due to this the landowner installed 120 feet of buffers, waterways in the drainage area, terraced all crop fields, and installed a 200 foot buffer strip at the east edge of the proposed structure. Mr. Farmer pointed out that the landowner had implemented three regular cost-share practices in the past, a tile terrace in 2006 for which he received \$25,000, a tile terrace in 2004 for \$7,430, and a sod waterway for \$2,100.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 15

Mr. Farmer stated the drainage area for the structure would cover 300 acres, the structure design called for a dam height of 27 feet, and a pool area of 11 acres. The design also called for 23,026 cubic yards of earthwork at an estimated cost of \$32,006.14. Some of the other costs associated with the structure are; \$4,501.60 for steel pipe, and \$1,346.25 for anti-seep collars for a total of \$34,853.99 for these three items.

The cost-share application showed that the pre-install gully erosion rate was 126 and the post rate was one, over the 10-year life span of the practice; 1,250 tons of soil would be saved.

Mr. Farmer pointed out that over the past ten years the commission heard 13 requests to exceed the \$8,250 maximum for a Water Impoundment Reservoir. Of those 13 requests, the commission denied nine. He stated that if the commission approved the request, they would likely see an increase in the number of such requests.

When asked if this request was unusual or had there been others, Bill Hunt, Agricultural Nonpoint Source (AgNPS) Coordinator for Caldwell SWCD, answered it was unusual. Roger Hansen stated that NRCS and district staff evaluated two sites in that location to control erosion, an upper and lower site. It was determined that both sites would use the maximum limit. He informed the commission that the landowner chose the lower site, which would provide a larger pool area. The design report indicated the landowner was a conservation contractor and he planned to build the structure himself. He stated the structure site did meet NRCS requirements and it is a large dam.

Kathryn Braden made a motion to deny the board's request. Richard Fordyce seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, Baughn Merideth, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 16

b. Special Area Land Treatment (SALT)

1. Cape Girardeau SWCD – Hubble Creek Progress Review and FY07 Budget Request to Increase Personnel Funding

April Brandt presented a request from Cape Girardeau SWCD asking to increase their personnel funding.

Ms. Brandt reminded the commission of their request for a follow up report on the accomplishment of the Hubble Creek AgNPS SALT Project covering January 2006 through June 2006. Some of the accomplishments were 8.5 acres of field borders, one streambank stabilization practice, two DWP-1 structures, 51.8 acres of the Hubble Creek Special Practice (drainage management), 485.5 acres of N590 Nutrient Management, 617 acres of N595 Pest Management, and five acres of Filter Strips.

Ms. Brandt stated the district completed three claims for their special drainage practice at a cost of \$34,051 to treat 51.8 acres. This is an average cost share of \$657 per acre, and the district offered 75 percent cost-share for the practice.

Next Ms. Brandt covered the district's request to increase their personnel budget for FY07. The district requested to increase their personnel budget to \$32,000 by reducing cost-share by \$18,237 for FY07.

In the letter from the district, they requested to transfer funds from their cost-share to personnel for the Hubble Creek SALT Project. The district stated that 319 EPA Grant was their partner for personnel, but the grant had ended. The district asked to transfer \$18,237 from SALT cost-share to personnel for FY07. The letter also stated the district felt they had been frugal with the personnel funding in utilizing the AgNPS Grant. They pointed out that the personnel expenses had been below \$15,000 a year. Ms. Brandt pointed out that the commission's maximum average annual personnel for a project is \$35,530 a year.

The district's FY07 budget for personnel is \$13,763 and their unobligated cost-share funds total \$183,959. If approved, the district would have \$165,722 remaining in cost-share for FY07 and \$32,000 for personnel funding. According to Ms. Brandt, the district believes they could obligate most of the cost-share money

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 17

prior to the end of the project, which is June 30, 2007. If not approved, the district could possibly use a combination of local funds, technical grant funds, or matching grant funds to supplement the short fall for the SALT Manager.

Stan Murray, the AgNPS SALT Manager, stated he was going to report on the success the district had with their new practice. He stated he would like to stay until the project was finished. When asked what they had budgeted originally for the last year, Mr. Murray answered approximately \$32,500 for salary. When asked why they did not have the funds that were budgeted, Mr. Murray answered that part of the salary was from the 319 Grant. He stated that two years ago, under management strategy, they dropped some practices and reduced personnel funding. Ms. Brandt stated that for the district's SALT annual budget they had the \$13,753, because of management strategy they were required to reduce their personnel by \$6,474 for the project because they reduced their goals. Kathryn Braden stated they knew when they budgeted the sixth year that the 319 was going to end at the end of five years and they were going to be short on funds for the last year. Mr. Murray stated he thought the original budget showed the full amount from AgNPS. Sarah Fast asked if the commission wanted to see the original AgNPS SALT proposal. It was indicated that the commission felt they had enough information. John Aylward asked about their success with their new practice. Mr. Murray stated the district set a goal of 250 acres of drainage management plans. In the spring, they were able to get 50 acres, and they have some that have not been claimed. When asked how many acres, Mr. Murray answered the total acres of interest totaled 800. He informed the commission that these acres were at different stages, and there was approximately 2,000 acres that could be treated with the practice in the watershed. When asked if the funds would be from regular cost-share, Sarah Fast answered that the board's request was to take funds from SALT cost-share. When asked from what cost-share practices the increase in salary would come from, Ms. Brandt answered that when the project was approved, \$750,000 was set aside for SALT cost-share practices to treat acres needed to reach the goals of the project. When asked what would happen if the request was not approved, Ms. Brandt answered that if it was not approved the district could pursue other funding methods. Ms. Fast stated the district was asking to move

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 18

approximately \$18,237 from SALT cost-share to personnel.

Gerald Bryan, Cape County Supervisor stated they were below the normal rate for salaries in SALT projects, because for the first five years of the grant they used 319 funds to supplement most of the personnel. When asked if the 319 had a preset sunset period or just ran out, Mr. Bryan answered that initially it was for three years, but they were able to receive an additional year and then the funds ran out. When asked if they had not reduced their goals would they have had enough to cover the sixth year, Mr. Bryan answered no, the SALT grant was not affected by not being able to keep up with the goals as far as the salary. Kathryn Braden stated the funds for salary were cut back when the goals were cut. Mr. Murray answered yes, that was taken from the total budget. Ms. Braden stated that was why the district did not have funds to finish out the year.

Baughn Merideth made a motion to allow the budget revision as requested by the district. Leon Kreisler seconded the motion. A poll vote was taken. John Aylward, Leon Kreisler, and Baughn Merideth voted in favor of the motion and Kathryn Braden, Richard Fordyce, and Elizabeth Brown voted against the motion. Failing to receive a quorum of favorable votes, the motion did not carry.

2. Request Consideration for a Pilot Forestry Project through the AgNPS SALT Program

April Brandt presented a request from Cape Girardeau SWCD asking for an opportunity to address forestry concerns through an AgNPS SALT project.

Ms. Brandt provided some background on the pilot forestry call that was issued in 2002. She informed the commission about the letters from Cape Girardeau SWCD, and Madison SWCD supporting the request, and the numbered memo announcing the call. Ms. Brandt proceeded in providing the commission some background in the issuing the original forestry call. The 2002 forestry call was made after Texas SWCD withdrawal from participating in Upper Current Rivers Headwaters SALT Project, which focused on some forestry concerns, as well as pasture/grassland concerns. Texas SWCD Proposal came in with

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 19

the third regular call for AgNPS SALT projects. An interagency committee reviewed the proposal and made practice suggestions. The Forestry AgNPS SALT Call memorandum had specific criteria that explained the forestry incentives that would be adequate for cost-share in the project area.

A committee made up of DNR, Agriculture, Conservation, NRCS, University Extension, and a commissioner made recommendations for forestry practices that were appropriate for Parks and Soils Sales Tax funding. In 2002, the commission approved a pilot forestry call. The pilot project was for logging road restoration demonstrations and forest stewardship incentive. The logging road restoration focused on gully erosion created by logging activities on the logging roads, skid trails, and landing areas. The purpose of these demonstrations was to educate landowners on different management possibilities for controlling gully erosion on harvest trails and landing areas improperly constructed by loggers. There were five demonstration sites approved with a limit of \$3,000 each. The incentive intent of the forest stewardship was to focus on implementing stewardship plans. The incentive would provide financial assistance to encourage non-industrial landowners to use forest management techniques to improve or protect water quality in a watershed. With a forest stewardship plan, land resources with forestry would be properly protected. By approving the incentive, the commission created an opportunity for landowners to realize how managing timber resources would be more profitable and environmentally sound. The plan set a maximum of \$7.50 per acre for five consecutive years for a maximum of \$1,125 per landowner. At that time, Missouri Department of Conservation (MDC) was willing to provide additional matching funding for the practice. Ms. Brandt pointed out that if a call was made, the commission might want to let MDC know so that they would be aware of the opportunity to participate in the funding of forestry cost-share incentives.

Ms. Brandt informed the commission that the program office received interest in the 2002 pilot forestry call from Washington and Barry Counties.

During the meeting with Eastern Ozarks Forestry Council (EOFC) attended by SALT staff, it was the council's opinion that the

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 20

practices in the previous pilot forestry call needed to be reviewed. They felt there also needed to be an incentive for developing the forest stewardship plan and for timber stand improvement (TSI) work. Ms. Brandt pointed out that the above requests were the same as the Texas County proposal. The commission might wish to allow the local group to suggest possible forestry practices and have a committee evaluate the practices for eligibility for Parks and Soils Sales Tax (PSST) funding through the SALT program.

Ms. Brandt stated that during the EOFC meeting, there was some discussion on other funding sources to address forestry concerns. At the meeting, EOFC members stated that there was very limited funding, but staff informed them that funding for this type of project was critical for success. Ms. Brandt indicated that some other possible funding sources could come from MDC, EQIP, FLIP, and possibly from a section 319 grant. When the 319-program manager was contacted, he indicated this meets some of the components in the Nonpoint Source Management Plan, which makes it eligible for 319 funding. Ms. Brandt stated that in the last two calls, the commission received 49 proposals requesting funding from the AgNPS SALT program. Out of the 49, 28 projects were funded, which is approximately 50 percent of the requests.

Ms. Brandt stated that if the commission was interested in issuing another pilot forestry call, that the practices offered with PSST funds might need to be revisited based upon discussion at the EOFC meeting. She also stated that it was important, that prior to issuing a call for proposals that, the commission be comfortable with any potential forestry practices made available. Once the commission approves practices, staff could then work on a timeline to offer a call. She informed the commission that administratively, projects need to start on July 1.

Ms. Brandt informed the commission that funding for a forestry call would come from the SALT appropriation. This money could be set aside for a specific call to the districts, thus making less money available for the regular AgNPS SALT projects.

When asked if current policy is maintained, could forestry management be included in a regular SALT proposal? Ms. Brandt

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 21

answered that forestry planning and timber stand improvement practices are not currently allowed in the AgNPS SALT list of approved practices. The district currently can do livestock exclusion and information/education activities. When asked about harvest trail erosion, Sarah Fast answered that the forestry practices had traditionally been MDC practices. Brad McCord stated that MDC would be very interested in reviewing forestry opportunities. He stated he felt that it would be good to revisit the forestry issue, because there have been changes in forest industry, such as new harvest techniques, and chip mills etc. He encouraged the commission to receive input from interested districts to see if a pilot was needed. He reiterated that MDC would be interested financially and technically. Gerald Bryan, Chairman of the Eastern Ozark Forestry Council and Cape Girardeau SWCD treasurer, stated their overall goal is to revitalize Ozark communities through forestry. He stated that in some counties there is a need for timber management and water quality because they do not have row crops or use regular cost-share activities. He asked that the commission revisit the issue because he felt there would be interest. Elizabeth Brown stated the commission is always interested in new ways to increase conservation efforts. She asked about getting information from the other partners that would cooperate. Ms. Fast stated that Steve Mahfood from the Nature Conservancy wanted to be on record that they would like the commission to consider another pilot call. She stated that staff could bring back more information and there could be a meeting with the partners. Ms. Brown stated she felt that the other partners should be perused before a decision was made. Mr. Bryan stated that MDC was on the EOFC board as well as others. Ms. Fast asked if the commission wanted staff to provide dollar amounts. Ms. Brown answered dollar amounts, as well as how to proceed, and the interest of the other partners. Kathryn Braden informed the commission that the southern part of Missouri has a lot of timber that needs to be managed. Ms. Braden asked how the original call was received. Ms. Brandt answered that the 2002 call had interest from Barry and Washington Counties. Ms. Fast informed the commission that Barry County decided they had a higher priority issue with chicken waste and they applied for a SALT project and a 319 project. In Washington County, they had a board issue to deal with so did not pursue a project. Ms. Brown asked if the

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 22

commission wanted staff to bring back information after they met with the partners.

It was consensus to have staff bring back information about the partners, costs, practices, etc.

F. REVIEW/EVALUATION - Continued

1. Land Assistance Section

a. Cost-Share

1. Follow-up Regarding the Districts' Requests for Increased DSP-3 Commission Limits

Ron Redden presented an update on the Planned Grazing Systems (DSP-3) cost-share limits. He summarized all the specific requests that were received after the June 15, 2006 commission meeting. Ten districts asked for a specific per acre increase for the DSP-3. Seven districts indicated a maximum limit. Mr. Redden stated there were approximately 15 districts that sent letters of support for Caldwell's request. Those districts did not indicate a specific amount. He reminded the commission that Richard Fordyce had asked for a comprehensive list of what all the districts asked for concerning the DSP-3 limits.

b. Special Area Land Treatment (SALT)

1. Review of SALT Management Strategy Committee Recommendations

Kurt Boeckmann presented a review of the SALT management strategy process. At the May commission meeting, a committee was appointed to evaluate the process.

The committee was comprised of Commissioner Richard Fordyce, Commissioner Kathryn Braden, Dave Baker of the University Extension, Ron Miller from NRCS, and Kenny Lovelace the Area 3 Director for Missouri Association of Soil & Water Conservation Districts. This committee met on July 19, 2006 for the process evaluation.

At that time the committee heard reports from the SALT staff describing the project process including preliminary application phase, setting goals, and the importance of practices through the

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 23

end of the project. The focus was on the process that a district goes through when placed into management strategy. Some of the key points were staff assistance with the application and reviews through the life of the project to help the district reach their goals that they submitted.

At that time, the committee discussed suggestions for the eighth call that went out in June 2006. For this call, the preliminary applications had to be postmarked by September 22, 2006, with the final application due February 2, 2007. Mr. Boeckmann informed the commission that staff would provide training to the districts to help them in submitting the final application. He pointed out that this would be the first such training.

Mr. Boeckmann stated that Dave Baker from the University Extension and staff would work on suggested improvements. This would be prior to evaluating the applications received. Also during discussion staff pointed out that during the application phase there is often district staff present but not always a board member. The committee recommended having a board member and staff present during the training in October so they could learn the importance of setting goals and levels of importance for each category.

The committee agreed that during the application phase there needed to be support from the board members and landowners in the watershed. Their feedback is very important on how districts set their goals and the levels of importance of the project. Mr. Boeckmann pointed out that districts that fall into management strategy had goals that were unrealistic or landowners did not participate. Because of this, it was suggested that landowners attend meetings in the watershed prior to the district submitting a final application. The commission was informed that a district could fund the meeting with the \$5,000 planning grant that they receive with their preliminary application approval. If a district holds the meeting prior to approval of their preliminary application, they would have to use their local funds.

When asked where the recommendations came from, Mr. Boeckman answered these were the recommendations the committee developed. Kathryn Braden stated it was a very

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 24

comprehensive workshop. One complaint that Ms. Braden presented to the committee was that district staff did not seem to realize the importance of being able to accomplish their goals. She felt the recommendations of having one board member and one staff member from an applying district attend the training was good. Richard Fordyce stated this would allow a supervisor to understand the importance of the application, setting goals, etc.

John Aylward made a motion to require a least one board member and one staff member from each applying district to attend the training held in October and require the districts to host a minimum of one landowner meeting (after the call for proposals is announced) in the watershed prior to the submittal of the final application and require them to provide an agenda and list of attendees with the application. Kathryn Braden seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

2. District Assistance Section

1. Supervisor Appointment

a. Daviess Soil and Water Conservation District (SWCD)

Jeremy Redden presented a request from the Daviess Soil and Water Conservation District to appoint Don Tolen to fill the unexpired term of Brent Adams.

Richard Fordyce made a motion to approve the board's request. Kathryn Braden seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

G. REQUESTS - Continued

1. District Assistance Section

a. Washington SWCD – Budget Revision

Jim Boschert presented a request from Washington SWCD requesting a second budget revision for the second time.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 25

In a letter dated August 1, 2006, the district stated the reason for the revision was due to having paid workers compensation insurance out of the 04 funds, rather than the 02 and 03 funds. The district wanted to transfer \$155 from the management services grant and \$261 from the administrative expenses grant. The total of \$416 would be added to the technical service grant.

The commission's policy is that districts can revise their budget once during the fiscal year. Any additional budget revisions have to go to the commission for approval. Mr. Boschert informed the commission that they had approved second budget revision after the year had ended.

Kathryn Braden made a motion to approve the request. John Aylward seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

H. FOLLOW-UP

1. Stone SWCD

Jim Boschert presented a follow up on Stone SWCD. Since the June commission meeting, Stone SWCD's board has been working to get their district up and going. The board held weekly meetings in July. They developed a new personnel policy handbook and hired a district manager. He stated that the district manager started on July 24, 2006, and that was when the district opened their office. Mr. Boschert informed the commission that the board was working on hiring an equipment manager.

The commission was informed that the last resignation letter had been received from Glen Jones and the district will be working in the future to have an election to elect supervisors.

Mr. Boschert stated that Josh Poynor the district coordinator had worked with the new district manager on her quarterly reports for the third and fourth quarters. Since receiving the reports, the district has received \$10,000 in start up funds and after their report is verified, they would be sent any additional funds for the first quarter.

In a letter from the district, they requested that \$8,270.92 of expenses for the last fiscal year be taken from their current year's allocation. The reason for this was that they felt there were issues beyond their control regarding what they owed the

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 26

former employees of the district. They also received a bill from Barry SWCD after July 1 for cost-share assistance the Barry County district clerk provided to the Stone SWCD.

Mr. Boschert stated that if the commission approved the request, the only option would be to increase the district's allocation for the current fiscal year. This would increase their maximum amount to \$52,270.92, which is the amount of their request plus their original allocation.

Mr. Boschert reminded the commission that they had a similar request last year and they approved the request. If approved, the additional funds would come from the unused district assistance funds for the current year. He pointed out that typically over 95 percent of the district assistance allocation is claimed by the districts. However, because of district staff turnover some of the funds are not used. In addition, if approved, staff would consider it a special one-time request and if others were received, they would be brought before the commission.

When asked if the expenses were legitimately owed, Mr. Boschert answered the amount paid to the former employees were reviewed by DNR internal audit and the amount was based on the report that internal audit prepared for the district. He stated that the amount for Barry County was an agreement between the two boards. When asked if the amounts had already be paid, Sarah Fast answered the board had paid them and they wanted reimbursed because they paid them out of this fiscal year, but they considered them a last year's expense.

Kathryn Braden made a motion to approve the expenses for one time only. Leon Kreisler seconded the motion. When asked by the chair, John Aylward, Kathryn Braden, Richard Fordyce, Leon Kreisler, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

I. REPORTS

1. Natural Resources Conservation Service (NRCS)

Roger Hansen presented a report on Environmental Quality Incentives Program (EQIP) and updated the commission on an issue from the May commission meeting.

Mr. Hansen reminded the commission that Jack Farnsworth, the landowner from Schuyler County, had until June 20 to get his structure completed. He stated that Mr. Farnsworth did complete the structure and it met NRCS specifications, and was paid cost-share by the district.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 27

He pointed out that August 10, 2006, was the last day that Bruce Knight was the Chief of NRCS. He was sworn in as Undersecretary for Marketing and Regulatory Programs for USDA.

He stated that for EQIP they received 4,865 applications, the average dollar amount per application was \$11,147. There were 1,035 contracts funded. The average amount for a contract was \$18,650. The amount of the total requests was \$54,229,164. They were able to fund \$19,302,827. The state is divided into five NRCS areas. The amount per areas is not the same because with EQIP there is a statewide pool for animal waste systems and they are ranked separately. They funded approximately \$8,000,000, for animal waste and approximately \$2,000,000 for limited resource farmers. After those funds were allocated then each county received the remaining, which was approximately \$84,000 per county.

Next Mr. Hansen covered the number of EQIP applications and contracts for the counties. He stated that Schuyler County had the highest EQIP allocation with a total of \$788,504.

The 1,035 funded contracts totaled \$19,300,000. Of that amount, animal waste totaled \$8,220,202 for 155 contracts, grazing totaled \$6,114,672 for 297 contracts, and other concerns totaled \$4,967,953 for 583 contracts, which included wildlife, nutrient management, pest management, soil erosion control, etc. Mr. Hansen stated that 74 percent of their funds were committed to livestock operations. It is mandated by Congress that they spend at least 60 percent of their funds nationally on animal waste. Next, he covered some of the animal waste contracts such as beef, dairy, poultry, and swine.

Mr. Hansen stated they were looking to have a Fiscal Year 2007 EQIP sign up in October or November. They would like to have the contracts ranked by mid December, and have the field offices start writing new contracts after January 1. Some new things that have been added to EQIP are additional cost-share for forestry, windbreak with drip irrigation around Concentrated Animal Feeding Operations, and incentives for precision agriculture.

2. Missouri Association of Soil & Water Conservation Districts

Steve Oetting informed the commission that the association would meet after the commission meeting to finalize the Training Conference.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 28

3. Department of Agriculture

Dan Engmann informed the commission that it was the first day of the State Fair in Sedalia, and he encouraged people to attend. He stated the drought conditions were worsening across the state and asked if Mike Wells could provide additional information.

Mr. Wells stated the Drought Assessment Committee consists of State and Federal agencies. He indicated there were several counties in the south and southwest part of the state in critical conditions. He also stated up around Pettis County they were in conservation status, which is the third phase of drought. He informed the commission that the Governor reactivated the committee.

Mr. Engmann informed the commission that Missouri Department of Transportation had waived the wide load permit fee for movement of hay.

4. Staff

Sarah Fast informed the commission that at the table they had a copy on how the counties voted on Amendment 1. She stated that all but three counties passed the tax. The overall percentage for the tax was 71 percent.

Next, Ms. Fast covered the North Central Region of how Missouri compared to surrounding states in terms of support for the districts, cost-share funds, and how they are funded. A handout from NACD was reviewed.

Ms. Fast asked if any commissioner would like to be at the interagency meeting on the forestry SALT. Kathryn Braden and Richard Fordyce volunteered to attend the meeting.

Next Ms. Fast touched on the Plan for the Future that was sent to the commissioners and the web address.

Dean Martin stated that the Mid America Association of Conservation Districts had a workshop in Lenexa Kansas recently for farmers and landowners on the urban fringe. A speaker by the name of Eldon Walter, who has been working with NRCS to institute some farmland protection on his property, spoke. Mr. Martin indicated that Jackson County would like to have Mr. Walter talk to the commission about what he is doing in regard to farmland protection and what the challenges are.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 29

Don Hicks from Jackson County stated the letter the commission had was a result of a partnering workshop they put on with the Mid-America Association of Conservation Districts and the efforts of Eldon Walter. Mr. Hicks stated Mr. Walter's presentation was very interesting and they felt his presentation might aid in shaping future policies.

Elizabeth Brown stated the commission would be very interested in hearing from him, because they have discussed this issue before. Sarah Fast informed the commission that they would plan to add it to a future meeting. She indicated they were looking at the September meeting if that would work for Mr. Walter.

5. ENVIROTHON

Peggy Lemons reported that the Canon Envirothon was held in Winnipeg Manitoba, Canada. The Missouri team placed 14th out of 52 teams and they were very proud of that standing. The competition was excellent; the only downside was the fact that 100 out of 500 were sick with the stomach flu, 15 to 20 went to the hospital. The winner of the competition was Virginia, then Pennsylvania, and the rest of the top five consisted of Alaska, California, and Ohio.

When asked about the value of the prizes for the winning teams, Ms. Lemons stated the first place teams receives a \$5,000 scholarship for each of its team members, second place receives a \$4,000 scholarship each, on down to the fifth place that receives \$1,000 scholarship each. The places sixth through ten receive Cannon products such as cameras, printers, scanners, etc. Not only does the student get the scholarships but also the advisor gets a Cannon product as well as the sponsoring district. Ms. Lemon informed the commission that there was a proposal to increase the scholarships.

6. STAFF - Continued

Bill Wilson informed the commission that the Environmental Specialist IV position with Jim Plassmeyer who will be working with the training, development of the new accounting systems, and working with the districts.

J. DATE OF NEXT MEETINGS

The date of the next commission meeting was set for Wednesday, September 13, 2006, beginning at 8:00 at DNR Conference Center in the Bennett Springs/Roaring River room in Jefferson City, Missouri.

MINUTES--MISSOURI SOIL & WATER DISTRICTS COMMISSION

August 10, 2006

Page 30

K. ADJOURNMENT

Richard Fordyce moved the meeting be adjourned. Leon Kreisler seconded the motion.
Motion approved by consensus at 1:45 PM.

Respectfully submitted,

Sarah E. Fast, Director
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman
Missouri Soil & Water Districts Commission

/tm